
Department of Human Services Fiscal 2021 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

January 2020

Note: Numbers may not sum to total due to rounding.

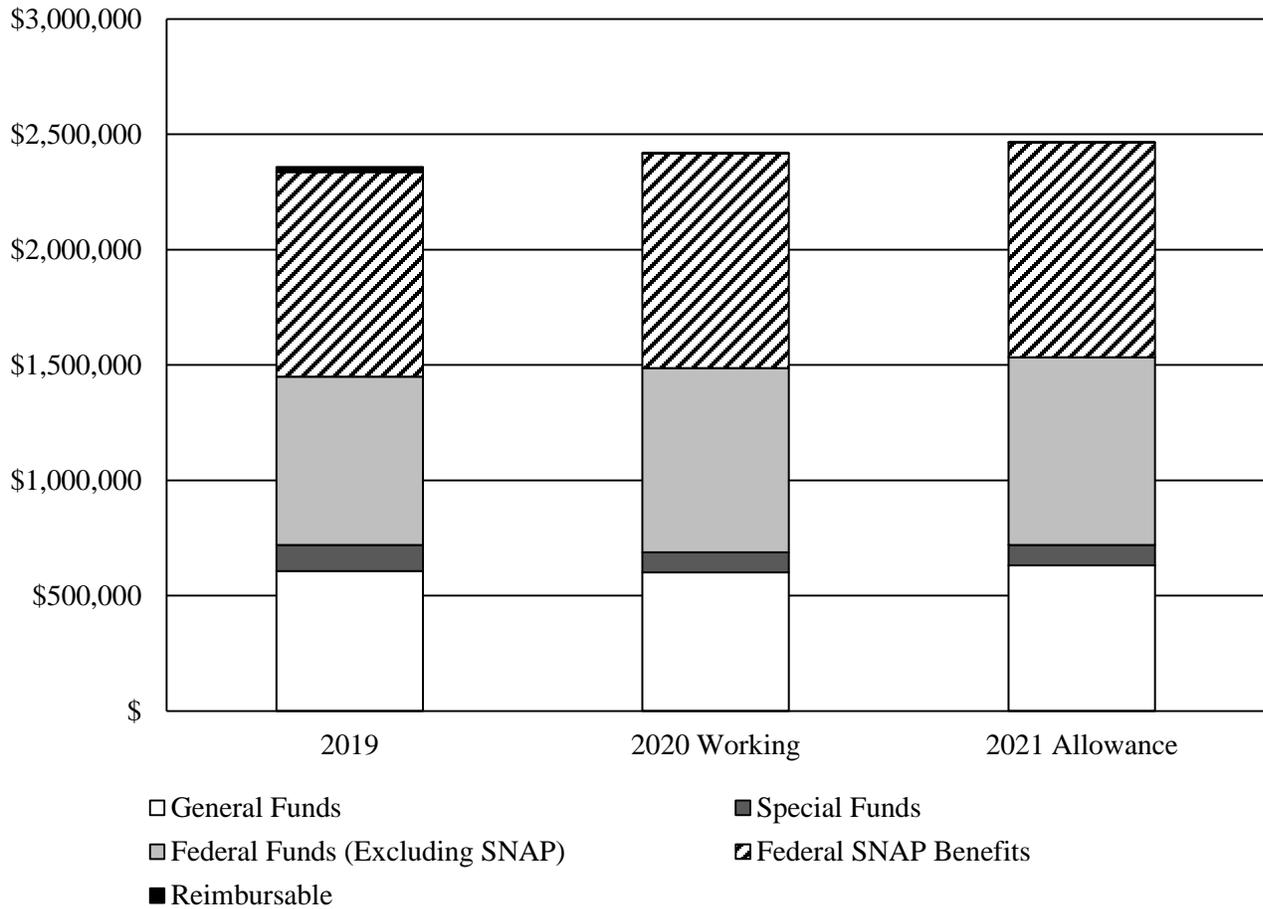
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Analysis of the FY 2021 Maryland Executive Budget, 2020

N00
Department of Human Services
Fiscal 2021 Budget Overview

Funding by Source
Fiscal 2019-2021 Allowance
(\$ in Thousands)

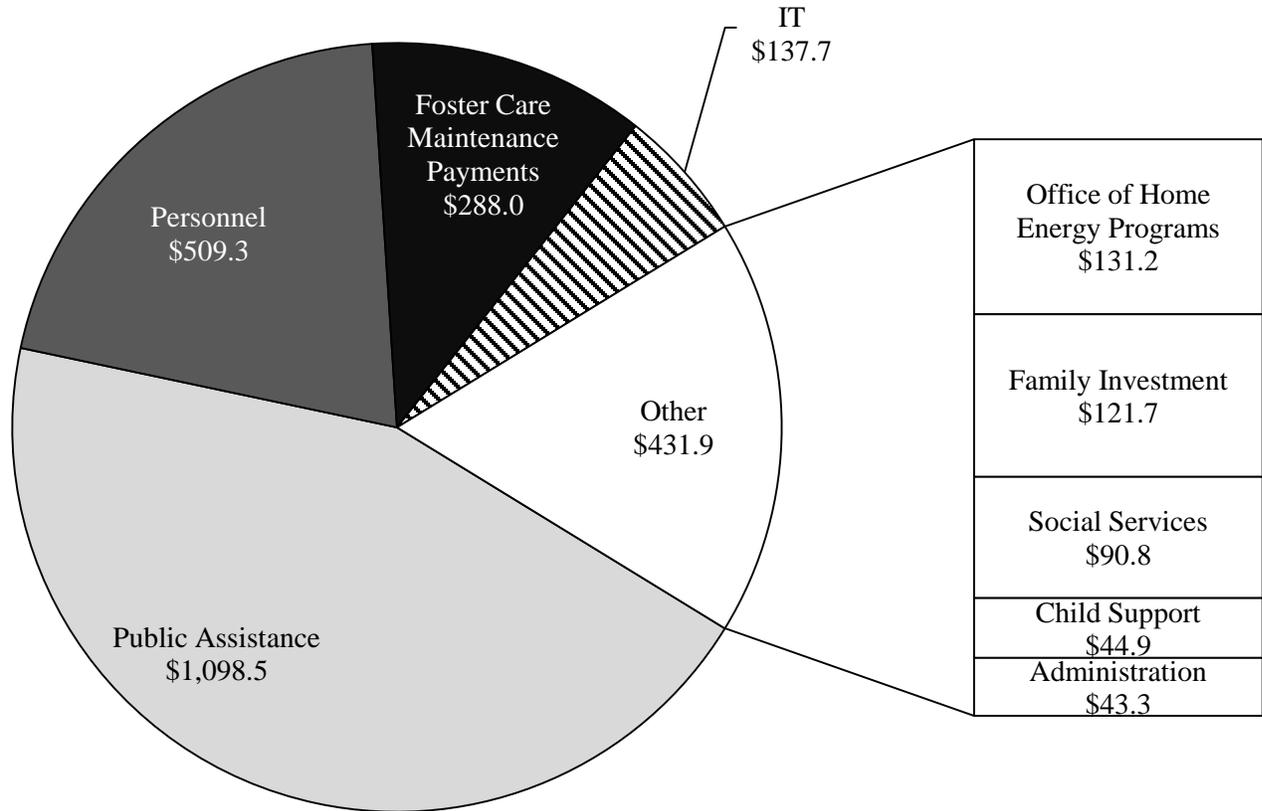


SNAP: Supplemental Nutrition Assistance Program

Note: Numbers may not sum to total due to rounding.

Source: Governor’s Fiscal 2021 Budget Books; Department of Legislative Services

Functional Breakdown of Spending
Fiscal 2021 Allowance
 (\$ in Millions)



IT: information technology

Note: Numbers may not sum due to rounding.

Source: Governor’s Fiscal 2021 Budget Books; Department of Legislative Services

Budget Overview: All Funds
Fiscal 2019-2021 Allowance
(\$ in Thousands)

	<u>Actual</u> <u>2019</u>	<u>Working Approp.</u> <u>2020</u>	<u>Allowance</u> <u>2021</u>	<u>\$ Change</u> <u>2020-2021</u>	<u>% Change</u> <u>2020-2021</u>
Family Investment (Excluding Federal SNAP)	\$409,970	\$416,079	\$433,015	\$16,935	4.1%
Temporary Cash Assistance Payments	109,324	104,918	103,980	-938	-0.9%
TDAP Payments	28,993	27,996	35,528	7,532	26.9%
SNAP	885,756	931,488	931,488	0	0.0%
Other SNAP Benefits	3,746	4,109	4,781	672	16.3%
Other Public Assistance	15,121	22,693	22,729	36	0.2%
Work Opportunities	31,401	31,226	31,339	113	0.4%
Administration	202,651	217,199	219,957	2,759	1.3%
Office of Grants Management	18,733	7,939	14,701	6,762	85.2%
Office of Home Energy Programs	\$147,821	\$126,964	\$132,332	\$5,368	4.2%
Social Services	\$568,833	\$581,027	\$610,606	\$29,579	5.1%
Foster Care/Adoption	270,787	270,061	287,991	17,930	6.6%
Programs/Administration	298,045	310,966	322,614	11,648	3.7%
Child Support	\$93,451	\$93,295	\$97,200	\$3,904	4.2%
Administration	\$252,454	\$267,934	\$255,453	-\$12,481	-4.7%
Office of the Secretary	31,259	29,229	30,564	1,334	4.6%
Operations	32,507	32,413	33,163	750	2.3%
Information Management	146,742	162,321	147,684	-14,637	-9.0%
Local Department Operations	41,945	43,971	44,043	72	0.2%
Statewide Adjustment		\$747	\$5,311		
General Funds	605,773	601,126	631,050	29,923	5.0%
Special Funds	113,943	86,301	87,933	1,631	1.9%
Federal Funds (Excluding SNAP)	730,110	798,413	814,105	15,692	2.0%
Reimbursable Funds	22,703	206	828	622	301.8%
Total Funds (Excluding Federal SNAP)	\$1,472,528	\$1,486,047	\$1,533,915	\$47,869	3.2%
Federal SNAP Benefits	\$885,756	\$931,488	\$931,488	\$0	0.0%
Total (Including Federal SNAP)	\$2,358,284	\$2,417,535	\$2,465,404	\$47,869	2.0%

SNAP: Supplemental Nutrition Assistance Program

TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding.

Source: Governor's Fiscal 2021 Budget Books; Department of Legislative Services

Budget Overview: General Funds
Fiscal 2019-2021 Allowance
(\$ in Thousands)

	<u>Actual</u> <u>2019</u>	<u>Working Approp.</u> <u>2020</u>	<u>Allowance</u> <u>2021</u>	<u>\$ Change</u> <u>2020-2021</u>	<u>% Change</u> <u>2020-2021</u>
Family Investment	\$117,673	\$121,993	\$132,739	\$10,746	8.8%
Temporary Cash Assistance Payments	3,985	3,034	3,098	65	2.1%
TDAP Payments	24,346	23,690	29,833	6,143	25.9%
Other SNAP Benefits	3,746	4,109	4,781	672	16.3%
Other Public Assistance	9,513	9,743	9,899	157	1.6%
Administration	69,207	74,147	77,858	3,710	5.0%
Office of Grants Management	6,878	7,271	7,271	0	0.0%
Social Services	\$374,625	\$367,251	\$385,748	\$18,497	5.0%
Foster Care/Adoption	188,173	191,228	209,320	18,092	9.5%
Programs/Administration	186,452	176,023	176,428	405	0.2%
Child Support	\$20,596	\$19,958	\$21,348	\$1,390	7.0%
Administration	\$92,878	\$91,525	\$88,391	-\$3,134	-3.4%
Office of the Secretary	24,123	22,204	22,958	754	3.4%
Operations	19,503	16,295	16,662	367	2.3%
Information Management	24,205	26,243	21,878	-4,365	-16.6%
Local Department Operations	25,048	26,782	26,892	110	0.4%
Statewide Adjustment		\$399	\$2,823		
Total	\$605,773	\$601,126	\$631,050	\$29,923	5.0%

SNAP: Supplemental Nutrition Assistance Program

TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding.

Source: Governor’s Fiscal 2021 Budget Books; Department of Legislative Services

Fiscal 2020 Actions

Deficiency Appropriations

The fiscal 2021 budget contains two deficiency appropriations for the Department of Human Services (DHS):

- \$950,000 to support the transition to the two-generation model of service delivery. Funds were restricted for this purpose in the fiscal 2020 Budget Bill and, in July 2019, Governor Lawrence J. Hogan, Jr. announced that the funds would not be released, but the program would be funded. This deficiency backfills the restricted funds and the Governor’s budget plan assumes that the original appropriation will be reverted to the General Fund; and
- \$33,892,664 to support the Shared Human Services Platform, Maryland’s Total Human-services Integrated NetworK (MDTHINK). It should be noted that another deficiency appropriation totaling \$27,222,710 in general funds has been included for this purpose in the Department of Information Technology’s budget. Further discussion of the status of the MDTHINK project can be found in the Issues section of the Department of Human Services – Administration analysis.

**Proposed Budget Changes
Department of Human Services
Fiscal 2020-2021
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2020 Working Appropriation	\$601,126	\$86,301	\$1,729,901	\$206	\$2,417,535
2021 Governor’s Allowance	631,050	87,933	1,745,594	828	2,465,404
Amount Change	29,923	1,631	15,693	622	47,869
Percent Change	5.0%	1.9%	0.9%	301.8%	2.0%

Where It Goes:

Changes

Personnel Expenses

Employees’ retirement system.....	\$3,840
Fiscal 2021 salary increase, 2% effective January 1, 2021.....	3,816
Regular earnings.....	3,193
Annualization of fiscal 2020 salary increase, 1% effective January 1, 2020.....	747
Turnover adjustments.....	-251
Workers’ compensation premium assessment.....	-306
Employee and retiree health insurance.....	-690
Other fringe benefit adjustments.....	253

Information Management

Increased costs for contracted programming, data processing, and software licenses for other initiatives within Administration.....	11,578
Office Systems and IT support.....	6,495
Data Center Services programming costs and computer usage.....	-873
With conclusion of VOIP Project, decreased phone, programming, and data processing costs....	-1,597
Costs directly associated with MDTHINK.....	-12,516
Legacy systems overall savings from reduced data processing and programming costs.....	-17,008

Foster Care Maintenance Payments

Foster Care payments primarily due to changes in placement mix to higher cost placements and increased costs of some placement types, also includes 2% provider rate increase.....	20,232
Other foster care expenditures, including flexible funds and day care expenditures, to align with recent experience.....	-1,045
Subsidized guardianship placements more than offset by a decrease in subsidized adoption placements.....	-1,256

Assistance Payments

TDAP due to phase in of benefit increase (\$210 to estimated \$252.49).....	5,275
TDAP due to increase in recipients (8.1%).....	2,257
New mandate for summer SNAP program (Chapters 635 and 636 of 2019).....	200

N00 – Department of Human Services – Fiscal 2021 Budget Overview

Where It Goes:	<u>Changes</u>
Temporary Cash Assistance benefit increase (approximately 3.4%) more than offset by an estimated decrease in recipients (4.5%).....	-938
Office of Home Energy Programs	
Energy assistance benefits primarily due to the availability of federal funds.....	5,775
Social Services Administration Changes	
Training and technical assistance contracts primarily related to implementation of evidence-based practices	3,058
Reinvestment of adoption savings	2,000
Evidence-based practices	1,264
Family Investment Administration Changes	
Value of federal food commodities in TEFAP not yet reflected in the fiscal 2020 working appropriation.....	6,762
Contracts and grants related to the SNAP Employment and Training Program to align with recent experience	1,267
Child Support Administration	
Increases in contractual services associated with local departments of social services	1,827
Increase in contractual services costs associated with cooperative reimbursement agreements with local governments.....	782
Increase in privatization costs for Baltimore City Office of Child Support Services	743
Other	
Cost allocation	662
Other changes	2,324
Total	\$47,869

IT: information technology
MDTHINK: Maryland Total Human Services Information Network
SNAP: Supplemental Nutrition Assistance Program
TDAP: Temporary Disability Assistance Payment
TEFAP: The Emergency Food Assistance Program
VOIP: Voice Over Internet Protocol

Note: Numbers may not sum to total due to rounding.

Source: Governor’s Fiscal 2021 Budget Books; Department of Legislative Services

**Caseload Estimates Assumed in the Budget
Fiscal 2018-2021 Estimated**

<u>Program</u>	<u>Actual 2018</u>	<u>Actual 2019</u>	<u>Estimated 2020</u>	<u>Estimated 2021</u>	<u>% Change 2020-2021</u>
Cash Assistance					
TCA	46,651	42,661	40,073	38,263	-5%
TCA Transitional Benefit	n/a	n/a	9,635	9,635	0%
TDAP	13,844	12,510	10,851	11,726	8%
SNAP Supplemental Benefit	19,506	22,433	24,538	27,734	13%
Federal SNAP Cases	346,054	336,215	346,054	346,054	0%
Child Welfare					
Foster Care	3,541	3,478	3,525	3,418	-3%
Subsidized Adoption\Guardianship	9,185	9,058	8,951	8,794	-2%
Child Support					
TCA Collections	\$16,921,892	\$14,938,248	\$15,266,212	\$14,062,910	-8%
Non-TCA Collections	534,611,560	530,351,381	532,749,865	536,693,248	1%

SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

Note: Federal SNAP is provided in average monthly cases. The TCA Transitional Benefit figure represents all recipients expected to receive the benefit in the year. All other cash assistance figures are provided in average monthly recipients.

Source: Governor’s Fiscal 2020 and 2021 Budget Books; Department of Human Services; Department of Budget and Management

**Employment: Full-time Equivalent Regular Positions and
Contractual Positions
Fiscal 2019-2021**

	<u>Actual 2019</u>	<u>Working 2020</u>	<u>Allowance 2021</u>	<u>Change 2020-2021</u>
Regular Positions				
Social Services	4,395.75	2,653.45	2,648.45	-5.00
Family Investment	653.20	1,992.30	1,994.30	2.00
Administration	799.23	802.23	797.23	-5.00
Child Support	257.00	655.20	664.20	9.00
Office of Home Energy Programs	14.87	15.87	14.87	-1.00
Total Positions	6,120.05	6,119.05	6,119.05	0.00
Contractual Positions				
Social Services	13.19	2.50	2.50	0.00
Family Investment	67.11	70.00	70.00	0.00
Administration	37.34	3.33	3.33	0.00
Child Support	17.18	1.00	1.00	0.00
Office of Home Energy Programs	0.99	0.00	0.00	0.00
Total Positions	135.81	76.83	76.83	0.00

Source: Governor’s Fiscal 2021 Budget Books

**Filled Regular Positions
Fiscal 2018-2020
January 1 Data**

	2018			2019			2020			Change in	Change in
	<u>Filled</u>	<u>Authorized</u>	<u>% Filled</u>	<u>Filled</u>	<u>Authorized</u>	<u>% Filled</u>	<u>Filled</u>	<u>Authorized</u>	<u>% Filled</u>	<u>Filled</u>	<u>% Filled</u>
Administration	725.2	817.7	88.6%	718.6	802.2	89.6%	697.1	797.2	87.4%	-21.5	-2.1%
Social Services	2,473.0	2,687.0	92.0%	2,448.5	2,654.5	92.2%	2,393.0	2,648.5	90.4%	-55.5	-1.9%
Child Support	598.7	658.2	91.0%	604.7	655.2	92.3%	605.2	664.2	91.1%	0.5	-1.1%
Family Investment	1,845.3	2,057.2	89.7%	1,840.8	2,008.2	91.7%	1,817.3	2,009.2	90.5%	-23.5	-1.2%
Total	5,642.2	6,220.1	90.7%	5,612.6	6,120.1	91.7%	5,512.6	6,119.1	90.1%	-100.0	-1.6%

Note: Numbers may not sum to total due to rounding. Authorized positions do not account for positions being transferred between administrations in fiscal 2021.

Source: Governor's Fiscal 2020 and 2021 Budget Books; Department of Budget and Management; Department of Legislative Services

Issues

1. Outcomes of Temporary Cash Assistance Receipt

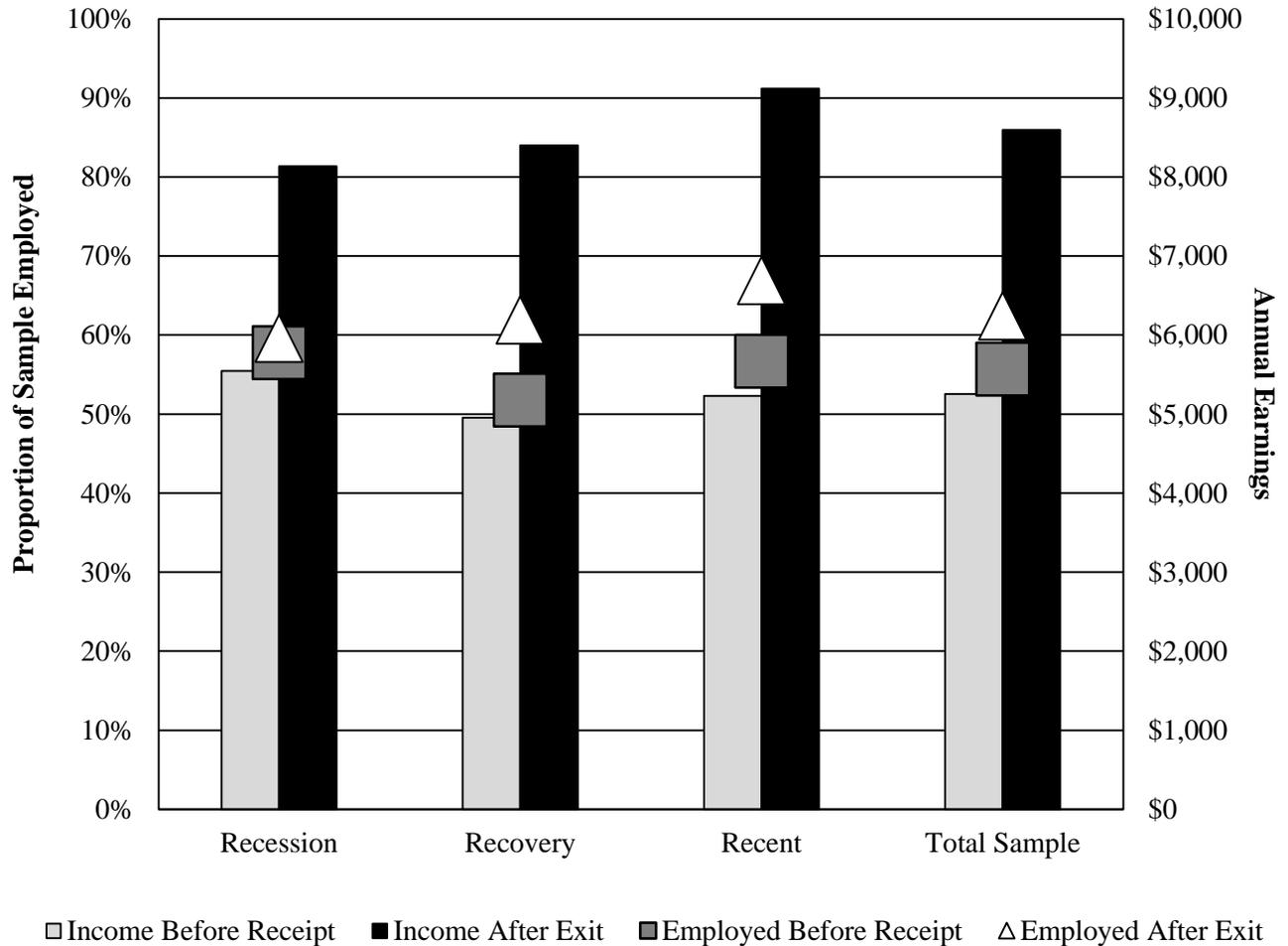
The *Life After Welfare, 2019 Annual Update* report, published by the University of Maryland School of Social Work, reports on a sample of 11,102 families that exited the Temporary Cash Assistance (TCA) program between April 2007 and March 2019. TCA is Maryland’s version of Temporary Assistance for Needy Families (TANF) that provides cash assistance to families with dependent children that do not have the resources to fully address the family’s needs. Features of this program also work to prepare program participants for independence through employment.

As fluctuations in the TCA caseload are symptomatic of other macroeconomic factors and this report spans an 11-year timeframe including the Great Recession, it is helpful to track outcomes by time of exit. To achieve this, the authors of the report separate the sample into three cohorts of cases, named for the time period in which a family exited TCA:

- families in the recession cohort exited TCA during the Great Recession (April 2007 through December 2011) when cases grew by 42%;
- families in the recovery cohort exited TCA after the Great Recession (January 2012 through December 2014) when caseload declined 12%; and
- families in the recent cohort exited TCA within the last five years (January 2015 through March 2019) when caseload fell another 32%.

Dividing the sample into these cohorts allows policy discussions to account for the changes in opportunity, recipient demographics, and the different assistance options available in each time period. For example, when divided into cohorts, **Exhibit 1** reveals that during the recession individuals struggled to obtain employment much like they did before TCA receipt. However, as the economy began to recover, that margin began to improve. In the most recent cohort, the rate of employment improves by over 10 percentage points after receipt of TCA, and the median income grows by 43%. These figures indicate that receipt of TCA can have a measurable effect on improving self-sufficiency.

**Exhibit 1
Annual Income and Employment Rates of TCA Participants Before Receipt and After Exit**



Source: *Life After Welfare, Annual Update*, December 2019, University of Maryland School of Social Work

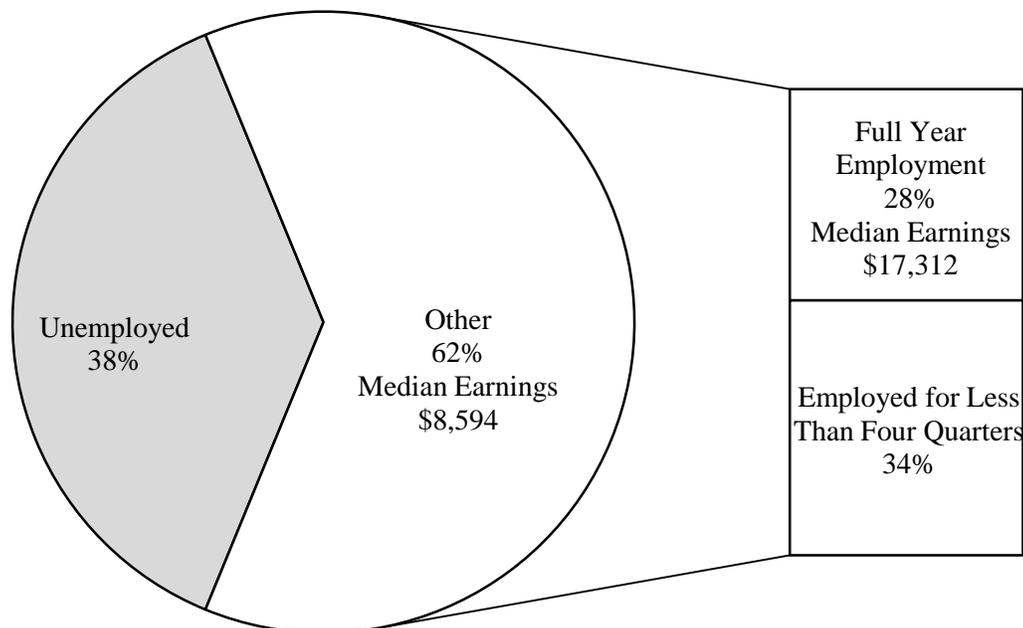
Nevertheless, families that exit TCA frequently utilize other sources of public assistance to work toward self-sufficiency. About 40% of families return to TCA within the first two years after exit, indicating the challenge that many Marylanders face in achieving financial security. Examination of the period after TCA receipt is essential to evaluating the service to this population.

Post-TCA Employment and Earnings

The report found that, across all cohorts, the median income in the year before receipt of TCA was over \$5,000, while the median income in the first year after TCA was more than \$8,000 for the recession and recovery cohorts and more than \$9,000 for the recent cohort. While this increase is substantial, these earnings are still low.

One explanation for these low earnings is that individuals struggle to obtain employment through all four quarters in a year. As seen in **Exhibit 2**, nearly two-thirds of the sample worked in the year after they left TCA, but only 28% of the sample were employed in all four quarters of that year. The median income of the individuals that were able to find some work throughout the year was \$8,594, but the median income of those that had full-year employment almost doubled to \$17,312. Five years after exit, 32% of the sample obtained full-year employment, and the median income grew to \$22,678. Despite the improvements for a portion of the sample, long-term ongoing employment remains a challenge for two-thirds of individuals that have exited TCA.

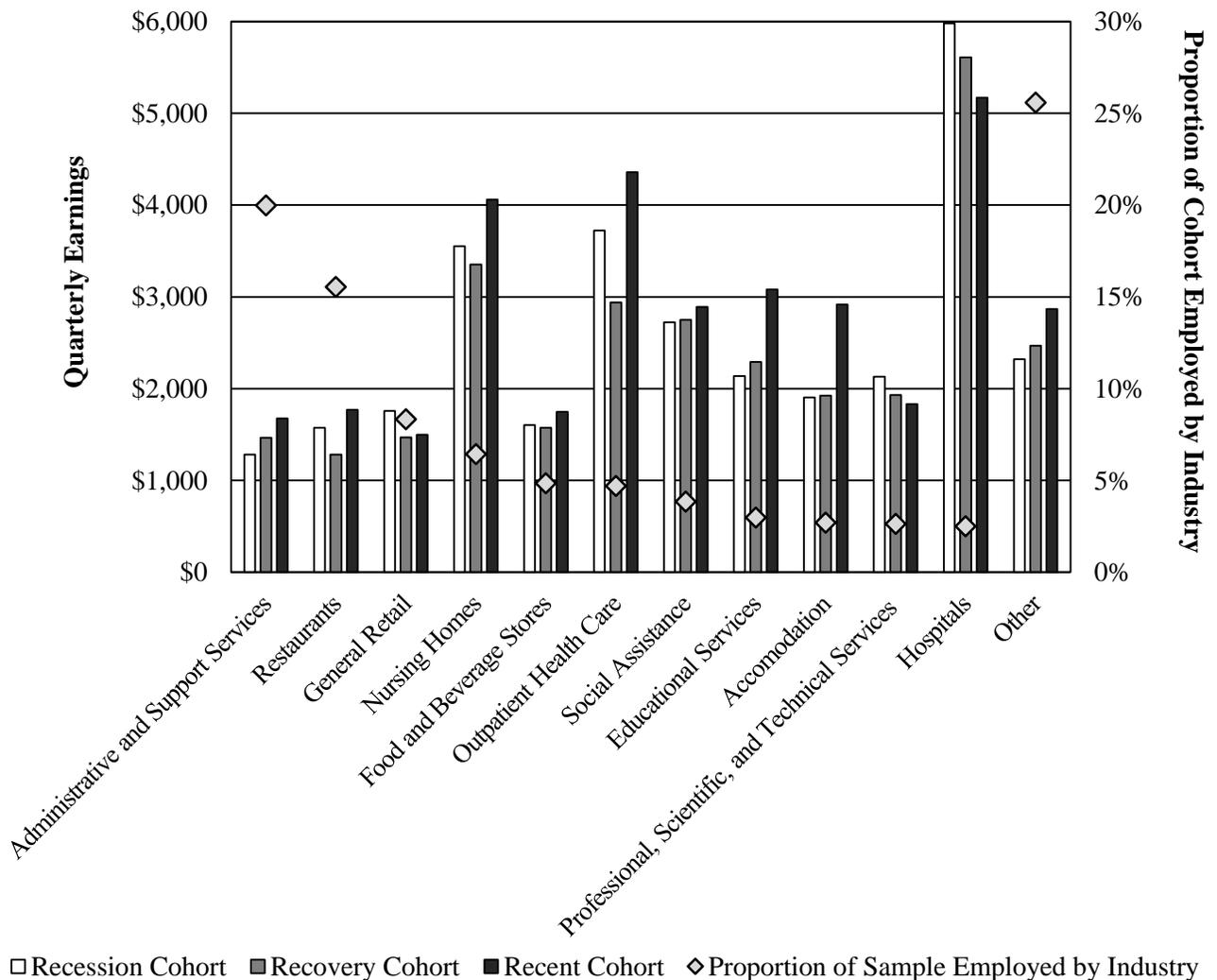
Exhibit 2
Averaged Employment Status of All Cohorts After Exiting TCA
April 2007 to March 2019



Source: *Life After Welfare, Annual Update*, December 2019, University of Maryland School of Social Work

Earnings are also influenced by the industry in which an individual finds employment. As seen in **Exhibit 3**, hospitals offered the highest quarterly income but only employed about 2.5% of this sample. Administrative and support services and restaurants, combined, employed over a third of the sample but offered some of the lowest earnings. Of the industries that employed over 5% of the sample that found employment, nursing homes were the only employers to provide over \$2,000 each quarter to every cohort. In fact, nursing homes offered quarterly earnings of over \$3,000 to every cohort, the only industry to join hospitals in doing so.

Exhibit 3
Post-TCA Employment by Industry

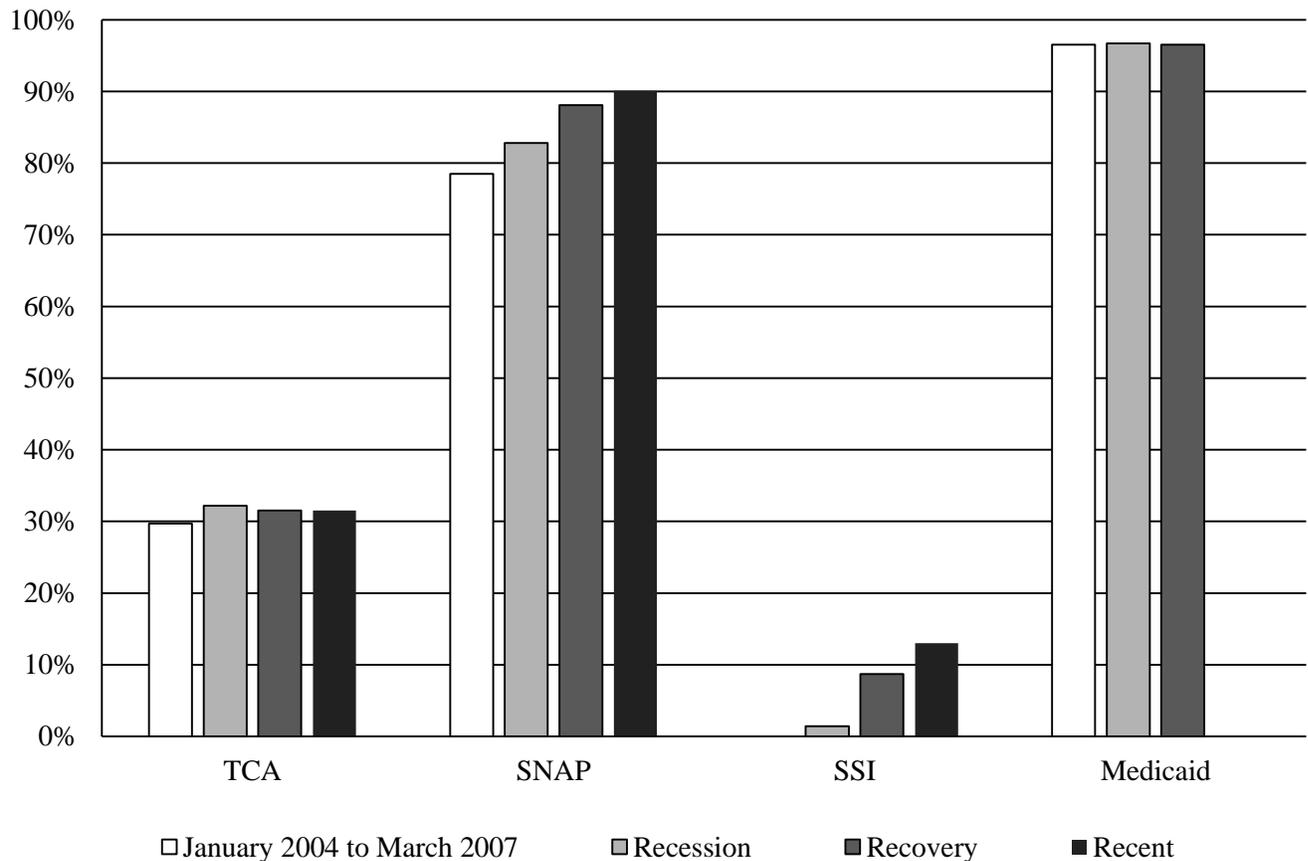


Source: *Life After Welfare, Annual Update*, December 2019, University of Maryland School of Social Work

Receipt of Public Assistance After Exiting TCA

Although a stated goal of TCA is for families to become self-sufficient, this seldom happens after a family leaves the program not least because many other assistance programs serve individuals with higher income eligibility levels than TCA. In the year after exit, families have participated in the Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), Medicaid, or further TCA. While TCA participation in the year after exit has remained relatively stable throughout the cohorts, SNAP receipt has increased slightly with each cohort, and SSI participation has increased significantly from the recession cohort to the recent cohort. While these trends are evident in **Exhibit 4**, one trend cannot be identified: Medicaid receipt after a family exits TCA. Up until the *Life After Welfare, 2017 Annual Update* report, Medicaid information was available because this data was housed in a DHS information technology system. With the migration of Medicaid income-based eligibility determination to the Maryland Health Connection, DHS no longer has ready access to the data.

**Exhibit 4
Rate of Assistance Receipt by Cohort**



SNAP: Supplemental Nutrition Assistance Program
 SSI: Supplemental Security Income
 TCA: Temporary Cash Assistance

Note: Because Medicaid data is no longer included in the *Life After Welfare, Annual Update* report, the Medicaid data for the period from January 2004 to March 2016 was taken from the 2016 *Annual Update* report (the last report that included Medicaid data). While the data is accurate, the recovery cohort at that time spanned January 2012 to March 2016, whereas the recovery cohort in the 2019 annual update spans January 2012 to December 2014, and the recent cohort spans January 2015 to March 2019. As the 2019 annual update is used for every other part of this issue, it should be noted that the Medicaid bar indicating the recovery cohort actually has a slightly extended timespan than every other instance where the recovery cohort is mentioned in this issue.

Sources: *Life After Welfare, Annual Update*, December 2019, University of Maryland School of Social Work; and *Life After Welfare, Annual Update*, December 2016, University of Maryland School of Social Work

The 2016 report (the most recent data available) indicated that 96.5% of families who exited TCA received Medicaid in the first year after exit. Medicaid data is relevant to nearly all of the sample, yet as a result of transition of eligibility determination to the Maryland Health Connection, the report omits this information and unnecessarily limits the *Life After Welfare* analysis and the broader policy discussion. Not only is this data used by State officials, but this report is also recognized for being one of the only longitudinal studies of public assistance trends since the sweeping changes made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.¹

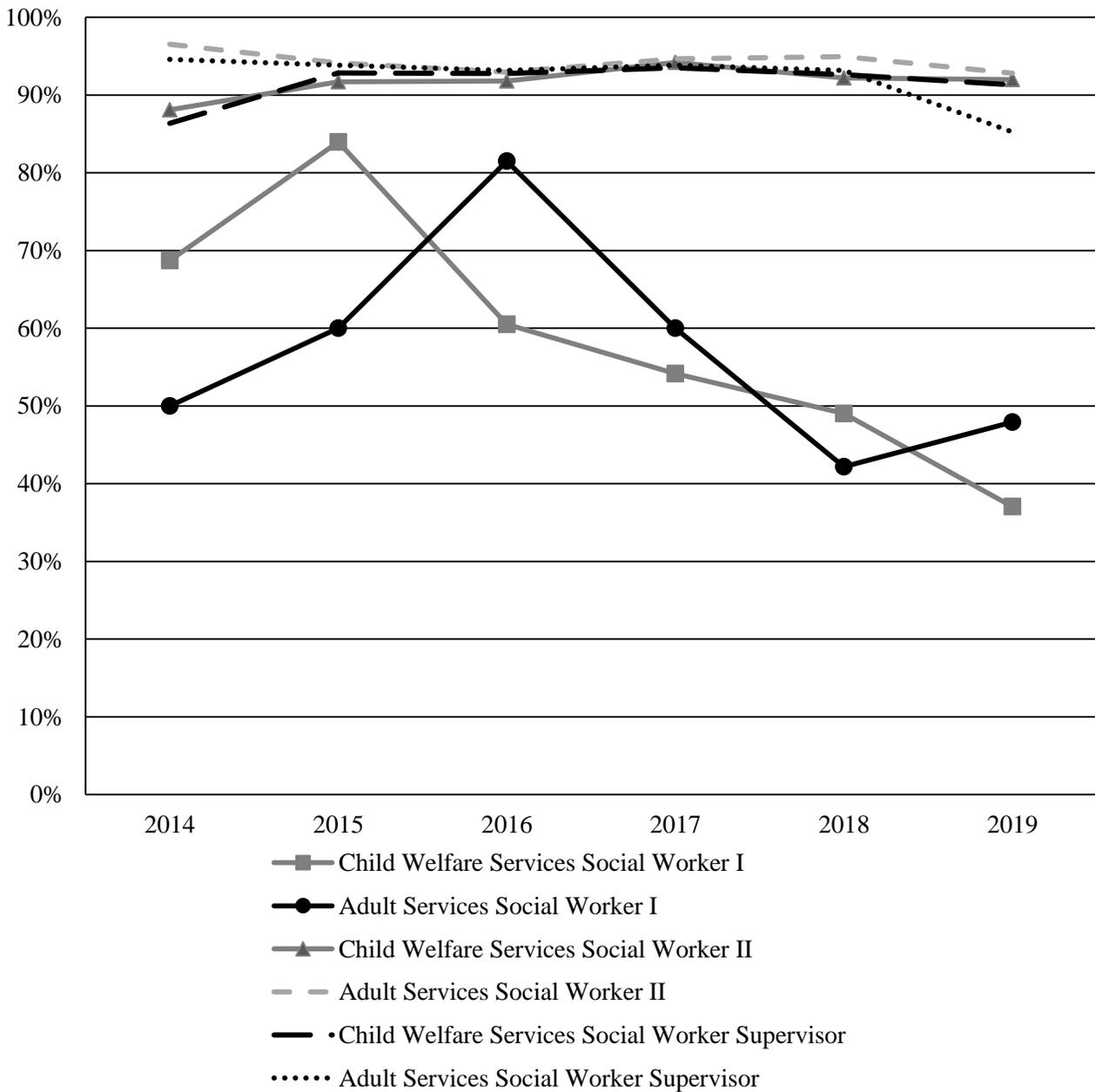
During the 2019 session, the Department of Legislative Services (DLS) recommended that DHS and the Maryland Department of Health (MDH) sign a Memorandum of Understanding (MOU) that would allow for sharing of the Medicaid recipient data so that this data can again be included in the *Life After Welfare, Annual Update* report. Despite DHS offering to look into the feasibility of such an agreement, the data was again omitted from this report. **DLS recommends restricting funds from DHS and MDH until the departments sign an MOU that will allow for sharing of the Medicaid recipient data so that this data can again be included in the *Life After Welfare, Annual Update* report. This recommendation is included in the DHS – Administration analysis.**

2. Social Worker Retention

In January 2017, Child Welfare Services employees in the classifications social worker I, social worker II, social worker supervisor, and social worker therapist received an increase to a minimum step (step 9). In the last month of fiscal 2018, adult services employees in the same classifications also received a similar step increase to a minimum step (step 9). These increases were intended to address compensation gaps for longer tenured social workers compared to compensation of more recent hires. This analysis focuses on social worker I, social worker II, and social worker supervisor classifications. While compensation rates have been sufficient to adequately fill social worker II and social worker supervisor positions, social worker I classifications fluctuate more and are filled at a lower rate than the higher classifications. As seen in **Exhibit 5**, the proportion of child welfare services social worker I classifications that are filled continues to decline, despite the minimum step increase. Although the adult services social worker I classification saw a slight uptick in the proportion of positions filled, on average, over half of these positions were vacant throughout the year. Because the minimum step increase did not lead to substantially reduced vacancies, there may be other factors at play which affect vacancy rates, such as burnout.

¹ Several academic articles, *The Atlantic*, and the federal Office of Family Assistance have used the findings in this report as a resource for exploring public assistance trends.

**Exhibit 5
Proportion of Social Worker Positions Filled
Calendar 2014-2019**



Note: Vacancy data was not available for some months; the data in this exhibit reflects the yearly average of available vacancy data. This exhibit does account for changes in the number of positions each year.

Source: Department of Human Services; Department of Legislative Services.

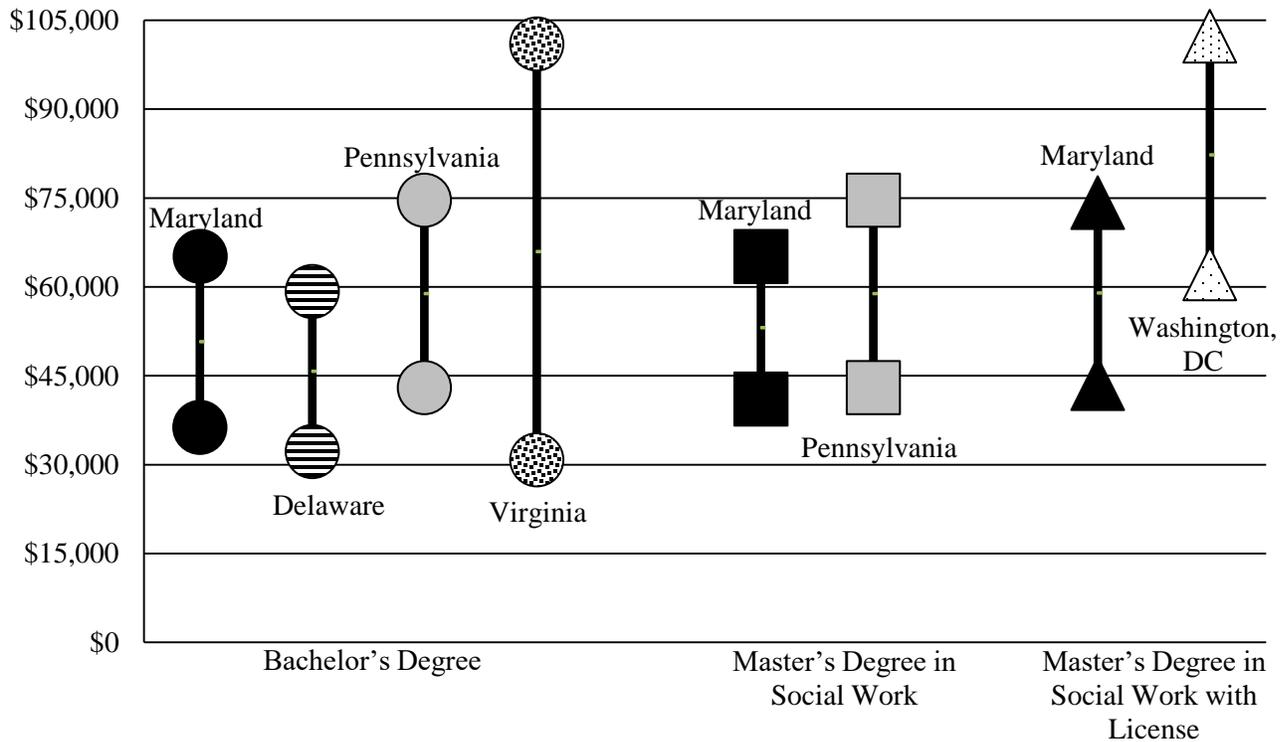
Social Worker Credential Requirements

DHS submitted a response to committee narrative in the 2019 *Joint Chairmen’s Report* on the compensation and educational requirements of Maryland caseworkers and social workers compared to classifications that perform similar duties in neighboring state-level jurisdictions (Delaware, Pennsylvania, Virginia, and Washington, DC).

This report found that educational requirements varied among the five jurisdictions. DHS found that Delaware, Pennsylvania, and Virginia required a minimum of a bachelor’s degree to perform case management duties similar to those of caseworkers in Maryland. While Maryland allows individuals with a bachelor’s degree to be employed as a family services caseworker trainee, caseworker I, and caseworker II, a master’s degree in social work is required to become a casework specialist. To become a social worker I or social worker II, a master’s degree in social work and a license are required in Maryland. Washington, DC requires a master’s degree in social work and a license to perform any case management duties.

Since Maryland employs individuals with a range of credentials to perform various case management duties, the compensation is more specifically defined than in other states. Some states, like Virginia, offer wide ranges in compensation (\$30,828 to \$100,986), leaving the median compensation in this range higher than Maryland’s median. Washington, DC does not employ individuals without a master’s degree in social work or a license to perform case management duties, so the higher compensation is expected given the higher required credentials. As seen in **Exhibit 6**, the credential requirements are important in comparing Maryland’s compensation of casework employees with other states.

Exhibit 6
Comparative Credential Requirements and Compensation Range by Jurisdiction



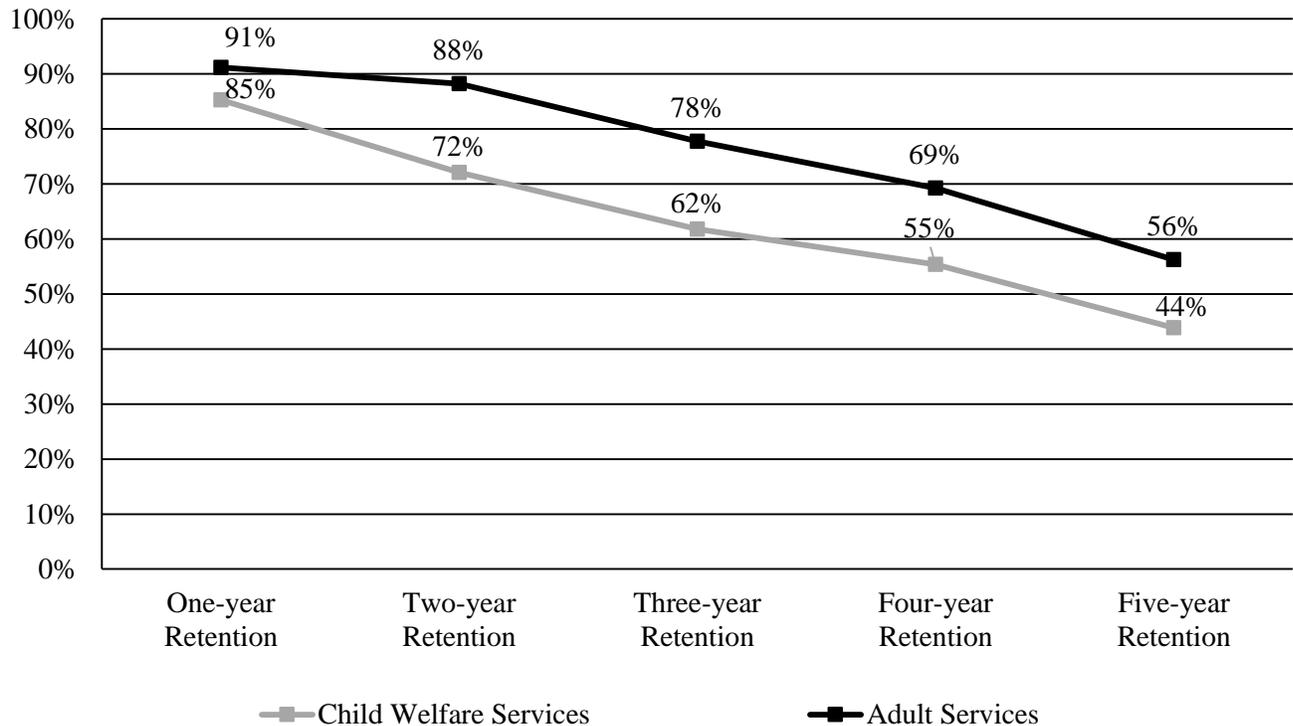
Note: These compensation rates do not include fringe benefits.

Source: Department of Human Services, Department of Legislative Services.

Social Worker Retention

DHS treats the first year's compensation of a social worker as training costs because it takes approximately one full year for a newly hired social worker I to perform their duties without close supervisory scrutiny. Each year, a portion of this financial and temporal investment are put into individuals that do not stay in the position for 12 months. As seen in **Exhibit 7**, Child Welfare Services is hit especially hard by social worker egress with one in seven social workers hired no longer in the role one year later. Five years after hire, two-thirds of child welfare social workers have left and nearly half of adult services social workers have left. These relatively short retentions makes it hard for the agency to build a workforce with strong institutional knowledge while also losing significant training investments year after year.

**Exhibit 7
Social Worker Retention over Five years
Calendar 2013-2018**



Note: This graph reflects cohorts of employees. The one-year retention data reflects employees hired from 2013 through 2018 who stayed in the position for at least one year; the two-year retention data reflects employees hired from 2013 through 2018 who stayed in the position for at least two years; the three-year retention data reflects employees hired from 2013 through 2018 who stayed in the position for at least three years; the four year retention data reflects employees hired from 2013 through 2018 who stayed in the position for at least four years; the five-year retention data reflects employees hired from 2013 through 2018 who stayed in the position for at least five years. This method of data aggregation is used for each year of retention depicted in this graph. However, less longitudinal data is available for each successive cohort; for example, the 2018 cohort only has data available for one-year retention.

Source: Department of Human Services, Department of Legislative Services

While the Governor’s proposed budget provides for a 6% salary increase for social workers statewide, it is concerning that vacancy rates among these classifications were relatively unresponsive to the minimum step increases provided in fiscal 2017 and 2018. DLS will monitor whether the salary increases for social workers will impact vacancy rates and retention in fiscal 2021.

DLS recommends that DHS investigate the factors at play affecting low caseworker retention rates. The committee narrative explaining this recommendation will be included in the DHS – Administration analysis.

3. TANF Update

Maryland has traditionally received over \$228 million annually from the federal TANF block grant. In fiscal 2021, the allowance anticipates Maryland will receive \$228.3 million and an additional \$26.5 million in contingency funds. To qualify for these contingency funds, a state must:

- have an unemployment rate of at least 6.5% and that is 10% higher in a three-month period compared to the same three-month period in either of the two prior years; or
- a SNAP caseload that is 10% higher in a three-month period than in a corresponding three-month period in 1994 or 1995.

Since 2009, Maryland has received contingency funds for meeting the SNAP caseload criteria and, as long as the criteria remain unchanged, will continue to qualify for the foreseeable future.

TANF Balance

Although Maryland had a TANF deficit from fiscal 2011 through 2016, DHS has generated a positive balance since 2017. As seen in **Exhibit 8**, the balance grew from fiscal 2018 to 2019. Increased spending in fiscal 2020 draws down some of the balance to reduce general fund need and to support a new benefit, but the fiscal 2021 allowance still provides for a comfortable \$14 million positive balance. However, spending in the out-years may need to align more with anticipated receipts to ensure that a deficit does not redevelop. This balance estimate assumes that TANF is received at the fiscal 2019 levels of the base grant and contingency funds.

Exhibit 8
Availability of TANF Funding
Fiscal 2018-2021 Allowance
(\$ in Millions)

	<u>Actual</u> <u>2018</u>	<u>Actual</u> <u>2019</u>	<u>Approp.</u> <u>2020</u>	<u>Allowance</u> <u>2021</u>
Beginning Balance	\$3.734	\$25.552	\$40.727	\$16.966
TANF Grant	\$228.342	\$228.342	\$228.342	\$228.342
Contingency TANF	25.415	26.463	26.463	26.463
Total Income	\$253.757	\$254.805	\$254.805	\$254.805
Available Funding (Balance + Income)	\$257.492	\$280.357	\$295.532	\$271.771
DHS Appropriation	-\$231.94	-\$239.631	-\$278.566	-\$257.867
Ending Balance	\$25.551	\$40.727	\$16.966	\$13.904

DHS: Department of Human Services
TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Department of Human Services; Department of Budget and Management

TANF Spending

TANF spending in the fiscal 2021 allowance totals \$257.9 million and will use some of the available TANF balance to cover fiscal 2021 expenditures. **Exhibit 9** provides more detail about TANF spending.

Exhibit 9
Changes in TANF Spending in the DHS Budget
Fiscal 2018-2021 Allowance
(\$ in Millions)

<u>Activity</u>	<u>Actual</u> <u>2018</u>	<u>Actual</u> <u>2019</u>	<u>Approp.</u> <u>2020</u>	<u>Allowance</u> <u>2021</u>	<u>Change</u> <u>2020-2021</u>
Cash assistance	\$97.9	\$106.0	\$113.7	\$113.0	-\$0.7
Work opportunities	30.3	31.4	31.2	31.4	0.1
Family Investment Services	8.2	7.9	7.4	8.0	0.6
Local Family Investment Program	31.3	26.7	33.3	25.7	-7.6
Foster care maintenance payments	11.5	16.3	23.8	23.6	-0.1
Local Child Welfare Services	15.7	16.1	33.8	24.5	-9.3
Local Adult Services	12.9	10.9	12.0	9.7	-2.3
Social Services Administration State Operations	9.6	9.7	8.4	8.4	-0.0
General Administration	14.6	14.5	15.1	13.6	-1.5
Total Expenditures	\$231.9	\$239.6	\$278.6	\$257.9	-\$20.7

DHS: Department of Human Services

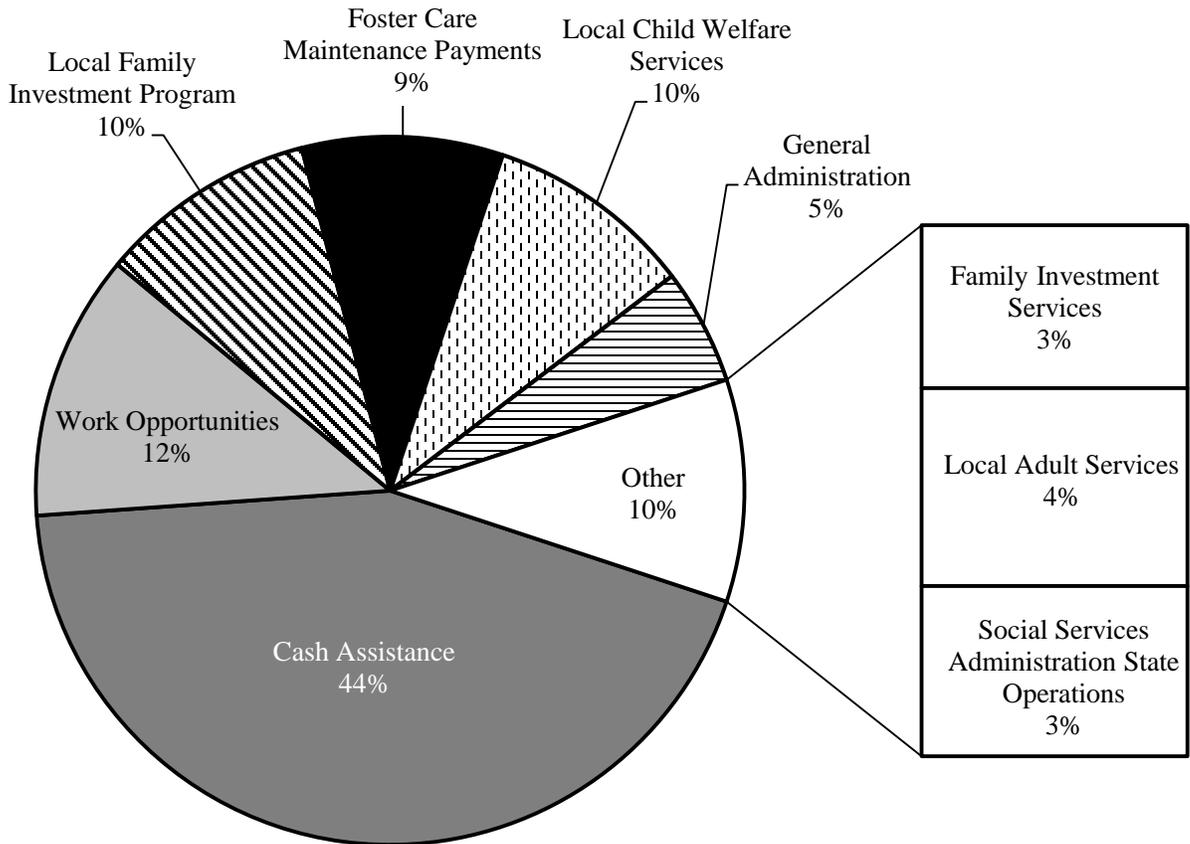
TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Governor’s Fiscal 2020 and 2021 Budget Books; Department of Human Services

In fiscal 2021, TANF spending decreases by over 7% from fiscal 2020. The amount of TANF budgeted for cash assistance decreases slightly. However, as seen in **Exhibits 10** and **11**, cash assistance remains by far the largest use of the TANF grant. A more significant decrease occurs in the Local Family Investment Program, which sees a 23% reduction in the allowance. Child Welfare Services sees a decrease of over 25%.

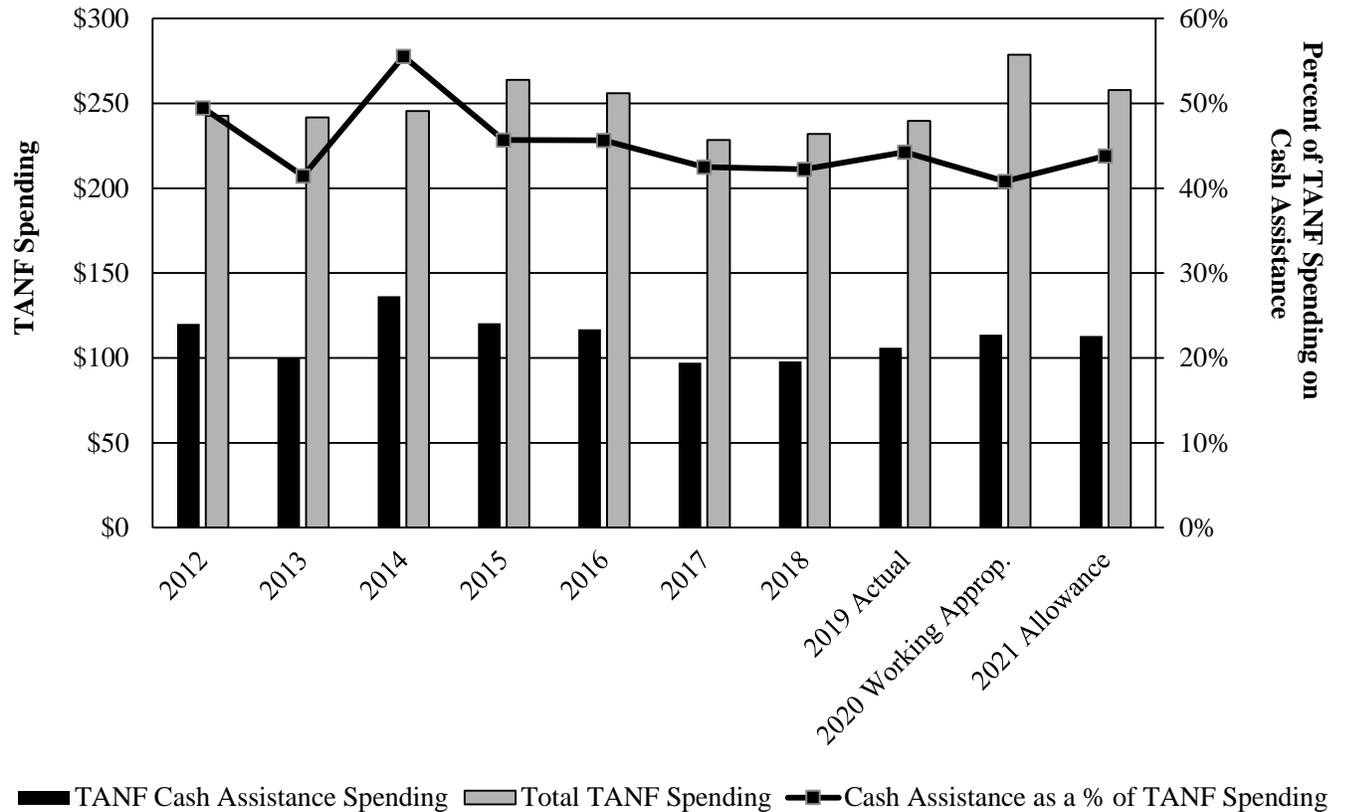
Exhibit 10
TANF Spending by Program
Fiscal 2021



TANF: Temporary Assistance for Needy Families

Source: Governor’s Fiscal 2021 Budget Books; Department of Human Services

Exhibit 11
Cash Assistance as a Share of TANF Spending
Fiscal 2012-2021 Allowance
(\$ in Millions)



TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Governor’s Fiscal 2021 Budget Books; Department of Budget and Management; Department of Legislative Services

State’s Maintenance of Effort Requirement Met

In return for the annual TANF block grant, the State must spend \$177 million of its own money to meet a federal Maintenance of Effort (MOE) requirement equal to 75% of its spending on TANF’s predecessor programs in fiscal 1994. Additional MOE funds are required when a state receives contingency funds. Specifically, a state must spend 100% of what it spent on the predecessor programs and then contingency funds must be matched by MOE spending.

Exhibit 12 provides a summary of MOE funding from fiscal 2018 through 2021. MOE spending decreased between fiscal 2018 and 2019. As the State is seeing a declining TCA caseload, decreased spending was concentrated in cash assistance, employment services and caseworkers, and administration. Still, in fiscal 2019, the State spent over \$40 million more on qualifying MOE activities than is necessary to meet the MOE requirements.

Exhibit 12
TANF Maintenance of Effort
Fiscal 2019-2021 Allowance
(\$ in Thousands)

	<u>Actual</u> <u>2018</u>	<u>Actual</u> <u>2019</u>	<u>Working</u> <u>2020</u>	<u>Allowance</u> <u>2021</u>
Cash Assistance	\$16,452	\$3,985	\$3,034	\$3,098
Employment Services/Caseworkers	23,027	12,788	12,852	12,916
Administration	6,219	3,550	3,564	3,578
Kinship Care/Foster Care Payments	1,706	1,710	1,718	1,727
Social Services Administration	59	66	66	67
Community Services – Emergency Food, Shelter, Child 1st	784	477	479	481
Refundable State Earned Income Tax Credit	132,056	136,178	136,315	136,587
Montgomery County Earned Income Tax Credit	20,602	20,336	20,356	20,376
MSDE PreK	58,188	70,018	70,088	70,158
Electric Universal Service Program	34,522	31,575	31,575	31,669
Subtotal	\$293,616	\$280,683	\$280,047	\$280,657
Required Maintenance of Effort				
Base and Contingency Fund Add-on	\$212,907	\$212,907	\$212,907	\$212,907
Contingency Fund Match	25,415	26,463	26,463	26,463
Total Required	\$238,322	\$239,371	\$239,371	\$239,371
Excess Maintenance of Effort	\$55,294	\$41,312	\$40,676	\$41,286

MSDE: Maryland State Department of Education
TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Department of Human Services; Department of Budget and Management; Department of Legislative Services